XVI - E Advance Collections

This chapter provides an overview of Advanced Collections, the required accounting transactions, the remittance process, and how to perform a reconciliation of Advanced Collections.

ACCOUNTING FOR ADVANCE COLLECTIONS

Cash received for unearned Revenue and/or unearned Reimbursements is posted to GL 3400-Advance Collections if it is to be earned in a subsequent fiscal year. At the time the Revenue and/or Reimbursements are earned, the Advance Collections account is debited and the Revenue (GL 8000)/ Reimbursements (GL 8100) account is credited.

The following sections describe various accounting procedures for Advance Collections.

Post Advance Collection Receipt

The following Transaction Code (TC) is used to post the receipt of Advance Collections.

TC 109   Rec Receipt of Advance Collection
    Dr. 1110   General Cash
      Cr. 3400   Advance Collections

The Subsidiary is used to identify future Revenue (3410*nnnn*), Reimbursements (3420*nnnn*) or Operating Revenue (3430*nnnn*). For additional information about Subsidiary Accounting, refer to Volume 1 Chapter V, General Ledger Account Structure.

Tracking Unremitted Advanced Collections

Because Advance Collections (GL 3400) does not have Document File support, agencies must manually track Advance Collections if they have **not** been remitted to the State Treasurer's Office (STO).

Recognizing Revenue And Reimbursements

The following sections describe how to recognize Revenue or Reimbursements.

When Revenue/Reimbursements Are Recognized Before Cash Is Remitted:

Refer to the TCs in the table below to recognize Revenue or Reimbursements as earned if the Advanced Collections **have not been** remitted to the State Treasury (Advanced Collections are in GL 1110).

UNREMITTED ADVANCE COLLECTIONS			
DESCRIPTION	**TC**	**DEBIT GL**	**CREDIT GL**
Recognize unremitted Advance Collections as Revenue	184	3400	8000
Recognize unremitted Advance Collections as Reimbursements	164	3400	8100

The transactions that recognize earned Revenue and Reimbursements do not post to the H03/H05 reports (TCs 184 and 164). Since these reports are not cumulative and the entries are not reflected on subsequent reports, agencies must manually post the transaction amounts to their General Cash reconciliation in order to balance to the GL 1110 amount and to determine the correct remittance amounts

When Revenue/Reimbursements Are Recognized After Cash Is Remitted To STO:

Refer to the TCs in the table below to recognize Revenue or Reimbursements as earned if Advance Collections **have been** remitted to the STO.

REMITTED ADVANCE COLLECTIONS			
DESCRIPTION	**TC**	**DEBIT GL**	**CREDIT GL**
Recognize remitted Advance Collections as Revenue	193	3400	8000
Recognize remitted Advance Collections as Reimbursements	192	3400	8100

When Advanced Collections have been remitted, a request must be sent to the SCO to request that the funds be moved from GL 3400 to GL8000 or GL 8100. A Transaction Request (Form CA504) is used for this purpose. An example of the form is displayed in Exhibit XVI-E-5.

Upon receipt of the form, SCO transfers the funds from Advanced Collections to the appropriate Revenue or Reimbursement account. The SCO produces a Journal Entry, which is then posted to CALSTARS.

Return Of Advance Collections

The claim schedule process is used to return Advance Collections that have already been remitted to the State Treasury. Refer to the TCs below.

> TC 296   Schedule (Auto) Return of Advance Collections
>   Dr. 3400   Advance Collections
>   Cr. 3021   Claims in Process **-OR-**
>
> TC 297   Schedule (Manual) Return of Advance Collections
>   Dr. 3400   Advance Collections
>   Cr. 3021   Claims in Process

A General Cash check is issued to return Advance Collections that have not been remitted. TC 450 is used to post the check as shown in the next section.

Dishonored Check

When an Advance Collection check is dishonored by the bank, the following entries are posted:

> TC 450   Rec Dishonored Check-Defer Advance Coll-Man Check
>   Dr. 3400   Advance Collections
>   Cr. 1110   General Cash
>
> **-AND-**
>
> TC 436   Establish Account/Receivable - Dishonored Checks
>   Dr. 1315   Accounts Receivable Dishonored Checks
>   Cr. 1600   Provision For Deferred Receivables

ADVANCE COLLECTIONS REMITTANCE PROCESS

Refer to the procedures below to remit Advance Collections to the State Treasury. For information about remitting Revenue or Reimbursements, refer to Chapter XVI-A in this volume.

Prepare RA

Exhibit XVI-E-1 lists all the fields/areas of the RA that must be completed for the remittance of Advance Collections. Instructions are also included in the exhibit. Refer to Exhibit XVI-E-2 for an example of a completed RA.

Review and Transmit the RA

After the RA (Form CA-21A) is verified and signed, the RA is faxed to the SCO for processing. The SCO issues a Controller's Receipt document with a prefix of 'CRA' and processes the electronic withdrawal of funds from the agency's bank account.

Code the Posting Tag for Advance Collections Remittance

Exhibit XVI-E-3 lists the fields that must be coded on the General Purpose Posting Tag for the remittance of Advance Collections.

Record the SCO Receipt of the Remittance Advice

SCO generates a TC 47 Controller's Receipt document to record the electronic remittance and the withdrawal of cash from the agency's checking account. Agencies receive a Journal Entry (JE) confirming the receipt by the SCO. The JE (CRA*nnnnnn*) should be posted at the same level of detail as the original remittance transaction.

Exhibit XVI-E-4 lists the fields that must be coded on the General Purpose Posting Tag to record the SCO JE.

EXHIBIT XVI-E-1
REQUIRED FIELDS FOR ADVANCE COLLECTIONS REMITTANCE ADVICE

Item	Description
CHECKING ACCOUNT NUMBER (CHECKING ACCOUNT NO.)	**Enter the agency Checking Account Number** in the Checking Account No. box.
REMITTANCE ADVICE NUMBER (REMITTANCE ADVICE NO.)	**Enter a unique 5-digit number** to the right of **R** in the Remittance Advice No. box. Each checking account number must have its own agency assigned range of RA numbers, which cannot be duplicated within the same fiscal year. The 5-digits must be numeric.
AGENCY	**Enter the agency name.** Use the full name of department, board or commission.
FOR CREDIT TO (FUND)	**Enter the UCM Fund number and name** if the remittance is only for one fund. If the RA is for more than one fund, enter **Various**.
APPROPRIATION DATA	**Enter Advance Collections**.
FUND	**Enter the UCM Fund number** in the first four positions of the field. Leave the last three positions blank unless a sub-fund is designated by SCO. (Example: 0942001, Special Deposit Fund.)
AGY	Leave Agency Code blank. (See REV/OBJ, below.)
FY	**Enter the Fiscal Year** to which the remittance applies. Leave blank if the remittance applies to the subsequent Fiscal Year.
ACCT	**Enter the 4-digit General Ledger Account Code** • **3410** - Revenue • **3420** - Reimbursements • **3430** - Operating Revenue
REV/OBJ	**Enter the 6-digit Source code:** • The Organization Code (*nnnn*); and, • **00** in the last 2 positions. (Example Organization 9990 = 999000)
AMOUNT	**Enter the amount.**
DESCRIPTION	**Enter one of the following, as appropriate:** • **Revenue collected in advance**; • **Reimbursements collected in advance**; or • **Operating Revenue collected in advance**.
COLLECTION PERIOD	**Enter the beginning and ending dates of the collection period**. The Collection Period should have no gaps between forms. For example, if the ending date on the last collection period was June 30, 20*nn* and there were no collections for July and August, September's RA should have collection dates of 'July 1, 20*nn* to September 30, 20*nn.* If 'old' cash is later discovered, e.g., in November for August collection, the cash should be remitted separately and display a collection period of "August 1, 20*nn* to August 31, 20*nn*."
NAME	**Type the name, title and phone number of the person signing the form**. **Enter the signature.** SCO would also like a contact name and phone number if different than the person signing.

EXHIBIT XVI-E-2 -- ADVANCE COLLECTIONS EXAMPLE

STATE OF CALIFORNIA
REPORT TO STATE CONTROLLER
OF REMITTANCE TO STATE ACCOUNT
TC - 47

CHECKING ACCOUNT NO.	REMITTANCE ADVICE NO.
111	**R** **11111**

AGENCY:	FOR CREDIT TO: (FUND)	APPROPRIATION DATA:
DEPARTMENT OF AIR QUALITY	**0001 GENERAL FUND**	**Advance Collections**

FUND	AGY	FY	M	REF / ITEM	FED CAT	P / N	C	CAT	PGM	ELE	COMP	TASK	ACCT	REV / OBJ	AMOUNT	D C	DESCRIPTION	SOURCE FUND
0001		**20nn**											**3420**	**999000**	**5,000.00**		**Reimbursements Collected In Advance**	
															TOTAL **5,000.00**			

TO STATE CONTROLLER: I hereby certify that the foregoing report is a correct statement of all monies received by the above named agency and on account of said Fund or Appropriation during the periods stated below in accordance with Section 12418 of the G

(Signed)

OFFICIAL TITLE
Accounting Administrator

DATE
10/5/20nn

CONTACT
John Doe

PHONE
(916)445-9999

Collection period from **September 1, 20nn** to **September 30, 20nn** inclusive.

CA 21A (11-2004) PC Excel 97 Version

Original - State Controller's Office   Duplicate - Agency Copy

EXHIBIT XVI-E-3
POSTING TAG FOR ADVANCE COLLECTIONS REMITTANCE ADVICE

FIELD NAME	INFORMATION
TC	Enter **105**. TC 105 debits GL 1115 and credits GL 1110.
FFY	**Enter the current fiscal year**.
VENDOR/S (Vendor Number/Suffix)	**Enter the Vendor Number** for the State Treasurer's Office.
DOC DATE (Current Document Date)	**Enter the last date of the collection period** on the RA. This ensures that the remittance transaction is posted correctly on the H05.
CUR DOC/S (Current Document/Suffix)	**Enter the RA number** (Rxxxxx) from the Remittance Advice box on the Form CA-21A.
PCA	**Optional field - Enter the appropriate PCA**.
AMOUNT	**Enter the remittance amount**.
CHECK	First 3 digits - **Enter the 3-digit bank account number** from the Checking Account No. box on the RA Fourth digit – **Enter R** Last 5 digits – **Enter the 5-digit agency assigned number** from the Remittance Advice box on the RA.
FUND SRCE (Fund Source)	Required only if PCA is not entered. Refer to the PCA Table through Command **I.9**.
FUND/DTL (Fund/Fund Detail)	Required only if PCA is not entered. Refer to the PCA Table through Command **I.9**.
METHOD	Required only if PCA is not entered. Refer to the PCA Table through Command **I.9**.

EXHIBIT XVI-E-4
POSTING TAG FOR CONTROLLER'S RECEIPT JOURNAL ENTRY (CRAnnnnnn)

FIELD NAME	INFORMATION
TC	Enter TC **137** for Advance Collections. TC **137** debits GL 1140 and credits GL 1115.
FFY	**Enter the appropriate year.**
DOC DATE (Current Document Date)	**Enter the journal entry (JE) date.**
CUR DOC/S (Current Document/Suffix)	**Enter the JE number (CRAxxxxxx).**
PCA	**Optional field - Enter the appropriate PCA**.
AMOUNT	**Enter the remittance amount**.
FUND SRCE (Fund Source)	Required only if PCA is not entered. Refer to the PCA Table through Command I.9 or refer to the TC **105** entry that posted the RA.
FUND/DTL (Fund/Fund Detail)	Required only if PCA is not entered. Refer to the PCA Table through Command I.9 or refer to the TC **105** entry that posted the RA..
METHOD	Required only if PCA is not entered. Refer to the PCA Table through Command I.9 or refer to the TC **105** entry that posted the RA..

EXHIBIT XVI-E-5

STATE CONTROLLER'S USE ONLY				STATE OF CALIFORNIA	STATE CONTROLLER'S USE ONLY
DOCUMENT NO.	DATE C C C C M M D D	MSG Code		OFFICE OF THE STATE CONTROLLER **TRANSACTION REQUEST**	TC Code VERIFIED BY:
JE					DATE:

PAGE 1 OF 1

Agency: **DEPARTMENT OF AIR QUALITY**	Address: **99 EAST FIRST STREET**	Agency Document Number: **G99-01**

FUND	AGY	FY	M	REF / ITEM	FED CAT	P/N	C	CAT	PGM	ELE	COMP	TASK	ACCT	SCO USE	REV / OBJ	AMOUNT	D C	A	T	O	B	SOURCE FUND
0001													3410		999000	5,000.00	D					
				DESCRIPTION				(DNKP) CHAPTER NUMBER/YEAR/ITEM Revenue Collected In Advance							PROGRAM DESCRIPTION							
0001	9990	20nn													125600	5,000.00	C					
				DESCRIPTION				(DNKP) CHAPTER NUMBER/YEAR/ITEM Other Regulatory Fees							PROGRAM DESCRIPTION							
				DESCRIPTION				(DNKP) CHAPTER NUMBER/YEAR/ITEM							PROGRAM DESCRIPTION							
				DESCRIPTION				(DNKP) CHAPTER NUMBER/YEAR/ITEM							PROGRAM DESCRIPTION							
				DESCRIPTION				(DNKP) CHAPTER NUMBER/YEAR/ITEM							PROGRAM DESCRIPTION							
				DESCRIPTION				(DNKP) CHAPTER NUMBER/YEAR/ITEM							PROGRAM DESCRIPTION							
				DESCRIPTION				(DNKP) CHAPTER NUMBER/YEAR/ITEM							PROGRAM DESCRIPTION							

TYPE OF TRANSACTION: **Transfer of earned revenue collected in advance.**

I hereby certify under penalty of perjury that I am the duly appointed, qualified, and acting officer of the herein named State agency, department, board, commission, office or institution; that the within transfer is in all respects true, correct, and in

Legal Authority And Reason For Request: In accordance with SAM Section 10525, please transfer revenue collected in advance to revenue earned. Remitted on R11111, 4/1/20nn.

AUTHORIZED SIGNATURE:

CONTACT PERSON: **John Doe**	PHONE FOR CONTACT: **(916) 445-9999**
E-MAIL FOR CONTACT:	DATE: **7/1/20nn**

NOT TO BE USED AS A CONTROLLER'S REMITTANCE ADVICE

CA 504 PC VERSION (03/2006)

RECONCILIATION OF REMITTED ADVANCE COLLECTIONS

When Advance Collections are remitted, SCO posts the remittances to GL 3410, 3420, or 3430. CALSTARS (GL 3400) and SCO's balances must be reconciled monthly. If Advance Collections are remitted to a non-shared special fund, the SCO Fund Reconciliation Report (FC-320-35-P) can be used to perform the reconciliation. Refer to Exhibit XVI-E-6 for an example of the report. If Advance Collections are remitted to a shared fund, e.g., General Fund, the Selected Accounts Report (FC-320-23-P) can be used. Refer to Exhibit XVI-E-7 for an example of this report.

The Fund Reconciliation Report is automatically distributed monthly with the SCO balances. The Selected Accounts Report is not sent, however, unless the agency submits a written request to the SCO. The request must include the Fund number, the GL accounts needed, and how often the report is needed (monthly).

The General Ledger Account Reconciliation (CALSTARS 104) form, shown in Exhibit XVI-E-8, is used to complete the reconciliation as described below:

1.   Identify fund, general ledger and month being reconciled.

2.   Write the Ending Balance on the line 'Balance per SCO' for the identified general ledger account from the Fund Reconciliation Report (FC-320-35-P) or the Amount 4 column of the Selected Accounts Report (FC-320-23-P).

3.   Identify Unremitted Cash by reviewing the H03 Report, General Cash Receipts and Disbursements Register; and the H05 Report, SCO Remittance Advice Worksheet. Refer to the *Considerations* section at the beginning of this chapter.

4.   Identify Cash in Transit by reviewing remittances sent, but not receipted by SCO. List outstanding remittances by RA number. Treat these items as additions (+), as they will increase Advance Collections.

5.   If claim schedules are prepared against this account, identify Claims Filed by reviewing schedules that have been submitted but not paid by SCO. List outstanding schedules by schedule number. Treat these items as reductions (-), as they will decrease Advance Collections. The DB1 Report may be used to identify outstanding claim schedules.

6.   List any outstanding correction letters or identified SCO errors in the 'Adjustment to SCO Accounts' lines.

7.   Total items 2 through 6 above to determine the SCO Adjusted Balance.

8.   Post 'Balance Per CALSTARS' from the G01, Trial Balance of General Ledger Accounts Report, or S01, Subsidiaries on File Report, as appropriate.

9.   Enter each reconciliation adjustment in 'Adjustments to CALSTARS'. Items that increase cash are treated as a plus (+) and items that decrease cash are treated as a minus (-).

10.   Total 7 and 8 above to determine 'CALSTARS Adjusted Balance'.

11. The SCO Adjusted Balance and the CALSTARS Adjusted Balance should be the same. If not, all reconciliation adjustments have not been identified. Continue the review until the balances are the same. A HG1, General Ledger Analysis Report, may be used to help identify adjusting items.

12. Both the person performing the reconciliation and the reviewer should sign and date the form.

EXHIBIT XVI-E-6

```
FC32035P 9990
MAIL CODE: 9990                          STATE CONTROLLERS OFFICE                                  PAGE NO:  208
REPORT NO: FC-320-35-P                   FUND RECONCILIATION REPORT                         PROCESS DATE: 12-31-20nn
FUND: 0011000 CLEAN AIR FUND             PERIOD ENDING 12-31-20nn
ACCOUNT NBR    TITLE                           BEGIN BAL          DEBITS          CREDITS          ENDING BAL
        DATE   POSTING REF ------DESCRIPTION-------


1140           CASH IN STATE TREASURY            1,584.54
  12-17-20nn 29-0028766                                                          1,000.00
1140           ACCOUNT TOTAL                     1,584.54                        1,000.00              584.54
1210           DEPOSITS IN SMIF              1,499,000.00
  12-17-20nn 29-0028766                                              1,000.00
1210           ACCOUNT TOTAL                 1,499,000.00           1,000.00                      1,500,000.00
3410           REVENUE COLLECTED IN ADVANCE   174,818.50-
3410           ACCOUNT TOTAL                   174,818.50-                                          174,818.50-
5510           FUND EQUITY-APPROPRIATED      2,159,791.69
5510           ACCOUNT TOTAL                 2,159,791.69                                         2,159,791.69
5530           FUND EQUITY-UNAPPROPRIATED    1,183,867.86-
5530           ACCOUNT TOTAL                 1,183,867.86-                                        1,183,867.86-
6030           APPROPRIATIONS               2,159,791.69-
6030           ACCOUNT TOTAL                 2,159,791.69-                                        2,159,791.69-
8000           REVENUE OR OPERATING INCOME    197,597.50-
8000           ACCOUNT TOTAL                   197,597.50-                                          197,597.50-
9010           STATE OPERATIONS               102,777.23
9010           ACCOUNT TOTAL                   102,777.23                                           102,777.23
9892           PRIOR YEAR INCOME ADJUSTMENTS   46,077.91-
9892           ACCOUNT TOTAL                    46,077.91-                                           46,077.91-
                                   FUND TOTAL                       1,000.00    1,000.00
```

EXHIBIT XVI-E-7

```
USER:CA11                              STATE CONTROLLERS OFFICE                                    PAGE NO:  427

REPORT NO: FC-320-23-P                 SELECTED ACCOUNTS REPORT                              PROCESS DATE: 12-31-20nn

                                       PERIOD ENDING 12-31-20nn

 FUND   AGCY  FY  REF/ITM FED CTLG CA PG EL CMP TSK T SCRFND    ACCOUNT     DATE    R/T    TC   DOC NBR
                                                                ENACTMENT                          ENCUMBRANCE REVERSION
                                                                 YEAR  CHAPTER     STATUTE AVAIL.DATE       DATE

                                                         AMOUNT 1           AMOUNT 2           AMOUNT 3            AMOUNT 4


          FUND TITLE        GENERAL FUND
          ACCOUNT TITLE          DEPT OF AIR QUALITY

0001000 0000 0000                                 G         34100999000 09-25-20nn E
                                                   8,309,260.00-     3,335,821.00        15,780.00-       4,989,219.00-
```

EXHIBIT XVI-E-8

CALSTARS 104   **STATE OF CALIFORNIA**
(New 9/00)

CALSTARS GENERAL LEDGER ACCOUNT RECONCILIATION

ORG   FUND   GL   AS OF (DATE):

                                       Amount

Balance per SCO: *(use actual sign)*
     (from Agency and Fund Reconciliation Report
     or Selected Account Report)

Unremitted Cash: *(H03/H05)*

Cash in Transit:
     (Review remittances sent to SCO but not
     receipted by month-end)

     RA# _____

Claims Filed: *(DB1)*
     (Review claim schedules submitted to SCO but not paid)

     Sch# _____

Adjustments to SCO accounts: DATE
                                      CORRECTED

SCO ADJUSTED BALANCE

Balance Per CALSTARS: *(G01/S01)*

Adjustments to CALSTARS   DATE
                                    CORRECTED

CALSTARS ADJUSTED BALANCE

_____   _____
Performing Signature   *Date*

_____   _____
Reviewing Signature   *Date*